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C O N F I D E N T I A L JERUSALEM 002179

SIPDIS

NEA FOR FRONT OFFICE; NEA/IPA FOR  
GOLDBERGER/HOLMSTROM/LENTZ; NSC FOR PASCUAL; TREASURY FOR  
AHERN  
DEPT PLEASE PASS TO USAID FOR ANE/MEA:MCCLLOUD/BORODIN

E.O. 12958: DECL: 07/20/2018  
TAGS: [EFIN](#) [EAID](#) [ECON](#) [KWBG](#) [IS](#) [PTER](#) [PGOV](#)  
SUBJECT: GAZA: BANK BRANCHES TO CLOSE DUE TO LACK OF CASH  
IN ADVANCE OF SALARY PAYMENTS AND EID

REF: JERUSALEM 2172

Classified By: Deputy Principal Officer Greg Marchese for reasons 1.4 (b) and (d).

11. (C) Summary. According to PMA Governor Jihad al-Wazir, all bank branches in Gaza will close no later than Thursday, December 4, because they do not have enough cash on hand to pay November salaries to PA employees. According to al-Wazir, PA Prime Minister Salam Fayyad will issue a public statement noting that the GOI's refusal to allow cash into Gaza is preventing salaries from being disbursed. Al-Wazir said there are reports that Hamas has offered to "give" banks the necessary cash. PMA and bank representatives fear that their inability to give account holders their salaries will lead to violence against the banks, and they hope that an early, public announcement of the banks' closure will dissuade people from knocking down their doors. End Summary.

12. (C) In a December 2 conversation with EconChief, Palestine Monetary Authority (PMA) Governor Jihad al-Wazir said that he will meet with Banking Association representatives on Wednesday morning in order to close all banks in Gaza no later than Thursday, December 4. Al-Wazir said the PMA and the banks have no choice, given their lack of cash. According to the PMA, each of the thirty bank branches in Gaza holds an average of less than one million NIS in cash. Bank of Palestine reports that its twelve branches collectively have only ten million NIS on hand. (Note: The total required for payment of PA salaries, expected on December 3, is more than NIS 200 million. End Note.)

13. (C) Al-Wazir said he is in frequent contact with GOI officials, including at the Bank of Israel, whom he has told of plans to close the banks. He said that he still has no response to the PMA's repeated faxed requests for cash transfers. "The Israelis claim there is money in Gaza," he said. "That is true -- but it is not in the banks." A member of the Quartet Representative's office reports that Blair "pushed forcefully" in a November 26 meeting with DefMin Barak, but was rebuffed with Barak "citing Israeli analysis showing that there is plenty of NIS in Gaza."

14. (C) Al-Wazir noted a story circulating within the banking community that Hamas has offered to "give" banks in Gaza the cash necessary to disburse salaries. He claimed that the banks refuse to consider such an offer and will shut instead. He noted, however, that the situation plays to Hamas' favor by demonstrating "the PA's inability" to pay salaries. He claimed that PM Fayyad will announce that the GOI's failure to allow cash shipments is responsible for the banks' inability to pay. PMA and banking officials are concerned about retaliation against the banks and bank employees in

Gaza when people are unable to withdraw from their accounts  
in advance of the long Eid weekend.  
WALLES